

**IN THE SPECIFICATION:**

**On page 10, please replace the second full paragraph with the following new paragraph:**

-- Fig. 1 is a flowchart of an embodiment of the present method for determining the compensation due an affiliate from traffic to the merchant's Web site that originates from the affiliate's Web site, as considered from the merchant's point of view. As shown therein, step S11 calls for the merchant to define a plurality of compensation plans and to generate a link associated with each defined compensation plan. The generated link may include text, graphics and/or hypertextual information, such as a Universal Resource Locator (URL) pointing to the merchant's Web site or to a specific product, service or page within the merchant's Web site. This link may be pasted onto the affiliate's Web site to encourage customers to click thereon and visit the merchant's Web site. Of these defined compensation plans, the merchant may choose to cause one or more (or all) of these to be exposed (i.e., visible) to the affiliate as available choices of compensation plans, as outlined at S12. Indeed, although the merchant may have defined many compensation plans, only a predetermined subset of these may be appropriate for any given affiliate or potential affiliate, based upon the affiliate's profile and/or other considerations. The affiliate may then select one or more of the compensation plans, which selected compensation plans may be accepted by the merchant, as shown at S13. Thereafter, the merchant measures the traffic to the merchant site that originated from the affiliate site, as shown at S14. This measuring step may be carried out according to the merchant's accounting calendar or over a selectable interval that is independent of the merchant's accounting calendar. This may help the merchant in spreading out payments to its affiliates over an extended period of time. As shown at S15, the merchant may then, at predetermined times or intervals, apply the measured traffic to the

compensation plans selected by the affiliate and compensate the affiliate as determined by the measured traffic and the selected compensation plans, as shown at S16. The compensation plan or plans selected by the affiliate may be overridden by the merchant, if needed. In addition, each affiliate may be assigned a default compensation plan that is effective in determining the affiliate's compensation should the affiliate choose not select any of the exposed compensation plans. --

**On page 13, please replace the second full paragraph with the following new paragraph:**

--The compensation plan(s) selected by the affiliate may include a performance goal assigned to the affiliate by the merchant. The merchant may, according to further embodiments, periodically compare the affiliate's performance (as measured according to one of the predetermined measures, for example) against the performance goal assigned to the affiliate. In addition, the compensation plans may provide for any sub-affiliates that may be recruited by the affiliate. In this manner, the affiliate may be further compensated by the merchant based upon traffic to the merchant Web site originating from the sub-affiliate's Web site.--

**On page 14, please replace the first full paragraph with the following new paragraph:**

-- Fig. 2 is a flowchart of an embodiment of a method for an affiliate to earn compensation from a merchant for traffic to a merchant Web site that originates from an affiliate Web site, according to another embodiment of the present invention. As shown therein, prior to an affiliate or potential affiliate viewing the compensation plans, the affiliate (or potential affiliate) must access the merchant's Web site. As shown at S21, the merchant may require a

potential affiliate to complete an application, whereupon the merchant may accept or decline the potential affiliate based upon an evaluation of the completed application, as shown at S26. Alternatively, potential affiliates may simply complete a registration procedure, whereupon the potential affiliate is accepted as an affiliate of the merchant. During the application and registration process, the affiliate may be called upon to provide authentication and/or other (such as marketing, for example) information that may thereafter be used to authenticate the affiliate. This information also enables profiling the affiliates for future customized compensation plans based upon, for example, the traffic to the merchant Web site that originates from the affiliate Web site or the determined compensation. Existing affiliates may simply log in, after having provided proper authentication information. After logging in, registering or after having been accepted as an affiliate, step S22 calls for the affiliate to access a page on the merchant's site on which the compensation plans available to the affiliate are shown. The affiliate may then review each of these plans and, according to step S23, select one or more of the available compensation plans. The affiliate may then paste a link to the product and/or services covered by the selected compensation plan(s) on their own affiliate Web site (or otherwise provide means for directing traffic to the merchant site). Customers to the affiliate site, in this manner, are exposed to the link associated with the selected compensation plan, as called for by step S24. The affiliate may then be compensated by the merchant according to the terms and conditions set forth in the selected compensation plans, as called for in step S25. --